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LISTING STATEMENT No. 2109

LISTED JUNE 14, 1962
40,000 Cumulative redeemable
preference shares of the par
value of \$25 each
Ticker abbreviation "ACK PR"
Post section 10
402,300 Common shares without
par value
Ticker abbreviation "ACK"
Post section 10

File JS

TORONTO STOCK EXCHANGE

LISTING STATEMENT

ACKLANDS LIMITED

Incorporated under the laws of the Province of
Manitoba by Letters Patent dated November 27, 1905

40,000 6% Cumulative Redeemable Preference Shares of the par value of \$25 each

402,300 Common Shares without par value

CAPITALIZATION AS AT MAY 23, 1962

CAPITAL STOCK	AUTHORIZED	ISSUED	TO BE LISTED
6% Cumulative Redeemable Preference Shares of the par value of \$25 each	40,000	40,000	40,000
Common Shares without par value	2,000,000	402,300	402,300
FUNDED DEBT			
6-3/4% Debenture (secured)	\$1,350,000	\$1,350,000	nil

May 23, 1962.

1. APPLICATION

ACKLANDS LIMITED (hereinafter called the "Company") hereby makes application for the listing on the Toronto Stock Exchange of 40,000 6% Cumulative Redeemable Preference Shares of the par value of \$25 each (hereinafter sometimes called "Preference Shares") and 402,300 Common Shares without par value (hereinafter sometimes called "Common Shares") all of which are issued and outstanding as fully paid and non-assessable shares.

2. REFERENCE TO PROSPECTUS

Reference is hereby made to the attached prospectus dated March 30, 1962, with respect to an offering of the 40,000 Preference Shares and 160,000 of the Common Shares, a copy of which prospectus is hereby incorporated herein and made a part hereof.

3.

HISTORY AND BUSINESS

The Company was incorporated under the laws of the Province of Manitoba in 1905 as D. Ackland & Son Limited. In February 1960 the Company's name was changed to Acklands Limited.

The Company is a wholesale supplier and distributor of automotive parts, equipment and accessories, garage equipment and supplies, industrial hardware and machine shop equipment, welding supplies and equipment, electrical supplies and equipment, iron and steel and other products. The Company carries on business in Eastern British Columbia, Alberta, Saskatchewan, Manitoba and North-Western Ontario.

In September 1960 the Company acquired control of all the outstanding Common shares of T. H. Peacock Limited and T. H. Peacock (Southern) Limited and subsequently these two companies were merged and now carry on business under the name of T. H. Peacock Distributors Ltd. T. H. Peacock Distributors Ltd. is engaged in a similar business to that of the Company and operates in Alberta and Eastern British Columbia.

As at January 31, 1961, the Company acquired all the outstanding Common shares of United Industrial-Automotive Co. (Lakehead) Limited, thereby extending its operations into North-Western Ontario.

In 1962 the Company purchased the accounts receivable, inventory and goodwill of the Edmonton branch of McLennan, McFeely & Prior Limited and is now carrying on the business of such branch, namely the sale of iron and steel bars, sheets, plate, pipes and structural angles, beams and channels and other related products, as part of the operations of the Company.

The Company owns all the outstanding Common shares of Westward Investments Ltd. which company is engaged in the business of purchasing, selling and financing the accounts receivable of the Company and its subsidiaries.

4. INCORPORATION AND CAPITAL CHANGES

The Company was incorporated under the laws of the Province of Manitoba by Letters Patent dated November 27, 1905 as D. Ackland & Son Limited with an authorized capital of \$100,000 divided into 1,000 Shares of the par value of \$100 each. Supplementary Letters Patent were issued to the Company on the following dates for the following purposes:

May 14, 1912: The authorized capital of the Company was increased to \$500,000 divided into 5,000 Shares of the par value of \$100 each.

October 19, 1945: The authorized capital of the Company was reduced to \$486,000 divided into 860 Preference Shares of the par value of \$100 each and 4,000 Common Shares of the par value of \$100 each.

February 3, 1960: The corporate name of the Company was changed from D. Ackland & Son Limited to Acklands Limited.

July 19, 1961: The authorized capital of the Company was increased and altered so that the authorized capital of the Company became \$3,000,000 divided into 75,000 Shares of the par value of \$20 each and 1,500,000 Common Shares without par value.

March 6, 1962: 25,000 Shares of a par value of \$20 each were sub-divided and changed into 500,000 Common Shares without par value and the remaining 50,000 Shares of the par value of \$20 each were consolidated and changed into 40,000 shares of a par value of \$25 each, so that the authorized capital of the Company became \$3,000,000 divided into 2,000,000 Common Shares without par value and 40,000 shares of a par value of \$25 each. By By-law No. 112 of the Company enacted and confirmed on March 21, 1962, the 40,000 shares of a par value of \$25 each were designated as 6% Cumulative Redeemable Preference Shares with the preferences, rights, conditions, restrictions, limitations and prohibitions set forth in paragraph 8 on page 10 of the attached prospectus.

5. OPINION OF COUNSEL

Messrs. Sokolov, Wolinsky & Sokolov, Winnipeg, Manitoba, have filed in support of this application an opinion stating, among other things, that the Company has been duly incorporated and is a valid and subsisting company in good standing under the laws of Canada, and that the 40,000 Preference Shares and the 402,300 Common Shares have been validly created and duly issued and are outstanding as fully paid and non-assessable shares.

6. SHARES ISSUED DURING PAST TEN YEARS

The Company has not issued any shares during the past ten years other than the following:

(a) 40,000 Common Shares allotted and issued to employees, directors and officers of the Company at the price of \$4.80 per share paid in cash, being \$192,000 in the aggregate. The said shares were allotted and issued on March 21, 1962, pursuant to a determination of the directors of the Company in June, 1961.

(b) the 40,000 Preference Shares and 60,000 of the Common Shares were allotted and issued to Fry & Company Limited on March 21, 1962 in accordance with the underwriting agreement referred to in the attached prospectus.

7. DIVIDEND RECORD

During the years 1952 to 1961 inclusive, the following cash dividends have been paid by the Company on its shares:

COMMON SHARES:

YEAR	PAYMENT DATE	AMOUNT PER SHARE	AGGREGATE
1957	July 10	\$40.00	\$120,920.00
1958	November 30	5.50	20,504.00
1959	January 2	2.75	8,313.25
1959	October 20	8.00	24,184.00
1960	August 16	8.00	24,184.00
1961	April 30	25.00	75,575.00

PREFERENCE SHARES:

YEAR	PAYMENT DATE	AMOUNT PER SHARE	AGGREGATE
1959	January 2	\$2.75	\$ 1,938.75
1960	August 16	7.00	4,935.00

ACKLANDS LIMITED

PREFERENCE SHARES

AND

COMMON SHARES



FRY & COMPANY LIMITED

360 Bay Street

TORONTO

Telephone: 363-1303

Telex: 02-2312

A copy of this prospectus has been filed with the Provincial Secretary of the Province of Manitoba in accordance with the provisions of the Companies Act of Manitoba.

Of the Common Shares hereby offered for sale, 100,000 Common Shares have been purchased from a shareholder of the Company, and none of the proceeds of the sale thereof will be received by the Company.

OUTSTANDING SHARES: 100,000 COMMON SHARES

**NEW ISSUE: 40,000 6% CUMULATIVE REDEEMABLE PREFERENCE SHARES
60,000 COMMON SHARES**

40,000 Units **Acklands Limited**

(Incorporated under the laws of the Province of Manitoba)

40,000 6% Cumulative Redeemable Preference Shares
(Par Value \$25 Per Share)

and

160,000 Common Shares without par value

In units consisting of One Preference Share and Four Common Shares

The 6% Cumulative Redeemable Preference Shares are to be preferred as to capital and dividends, entitled to fixed cumulative preferential cash dividends at the rate of 6% per annum as and when declared by the board of directors, payable quarterly on the last days of February, May, August and November in each year at any branch in Canada of the Company's bankers at the holder's option. Dividends are to accrue from April 9, 1962.

The 6% Cumulative Redeemable Preference Shares are to be redeemable at any time in whole or from time to time in part, on not less than thirty days' notice at \$27.00 per share if redeemed on or before June 1, 1967 and at \$26.25 per share if redeemed thereafter, together in all cases with all accrued and unpaid preferential dividends thereon to the date of redemption.

The preferences, rights, conditions, restrictions, limitations and prohibitions attached to the 6% Cumulative Redeemable Preference Shares are set forth in full in the Statutory Information forming part of this prospectus.

In the opinion of Counsel the 6% Cumulative Redeemable Preference Shares will be investments in which the Canadian and British Insurance Companies Act states that companies registered under Part III thereof may, without availing themselves for that purpose of the provisions of subsection (4) of Section 63 of the said Act, invest their funds.

Transfer Agent and Registrar:
THE CANADA TRUST COMPANY
Toronto, Winnipeg and Montreal

These Preference Shares and Common Shares have been approved for listing on The Toronto Stock Exchange and the Winnipeg Stock Exchange, subject to the filing of documents and evidence of satisfactory public distribution.

PRICE: \$49 per unit

As principals, we offer these units if, as and when issued and accepted by us, subject to prior sale and change in price and subject to the approval of all legal matters on behalf of the Company by Messrs. Sokolov, Wolinsky and Sokolov, Winnipeg, and on our behalf by Messrs. Blackwell, Hilton, Treadgold & Spratt, Toronto.

We reserve the right to accept applications for these units in whole or in part or to reject any application and to withdraw this offer at any time without notice. It is expected that interim share certificates representing the Preference Shares and the Common Shares will be available for delivery on or about April 9, 1962.

FRY & COMPANY LIMITED

360 Bay Street
TORONTO

Telephone: 363-1303
Telex: 02-2312

The following information has been supplied by Mr. Leonard Wolinsky, President of Acklands Limited.

The Company

The Company was incorporated in 1905 as D. Ackland & Son Limited succeeding a partnership established by Dudley and J. D. Ackland in the early 1880's. In February 1960, the Company's name was changed to Acklands Limited.

The Company is a wholesale supplier and distributor of automotive parts, equipment and accessories, garage equipment and supplies, industrial hardware and machine shop equipment, welding supplies and equipment, electrical supplies and equipment, iron and steel, and other products. The Company's products are sold in Eastern British Columbia, the Prairie Provinces and North-Western Ontario through its extensive catalogues, by its salesmen or directly from its eighteen warehouses and branch warehouses.

The warehouses and branch warehouses are located at the following cities:

Winnipeg, Manitoba (2)	Edmonton, Alberta (3)
Brandon, Manitoba	Calgary, Alberta (2)
Dauphin, Manitoba	Red Deer, Alberta
The Pas, Manitoba	Lethbridge, Alberta
Fort William, Ontario	Lacombe, Alberta
Regina, Saskatchewan	Fort St. John, British Columbia
Saskatoon, Saskatchewan	Cranbrook, British Columbia

The Company sells its products primarily to garages, retail merchants, industrial companies, government agencies, and others and has, at any time, approximately 14,000 active accounts.

A central buying office is maintained by the company in Toronto. Purchases are made from approximately 1,000 manufacturers and products sold include Goodyear automotive and industrial rubber products, Black & Decker industrial tools, DeVilbiss compressors and paint-spraying equipment, Airco welding equipment, Tung-Sol automotive lamps, Burgess batteries, Canadian General Electric lamps, C.I.L. automotive and house paints, Delco-Remy, U.M.S. and A.C. (General Motors) products, Canadian Westinghouse motors, Canada Wire & Cable wiring supplies, Columbus McKinnon hoists and chains, Fairbanks-Morse pumps and scales, and Grey-Bonney tools. Acklands acts as exclusive distributor for Western Canada with respect to some of these products. In addition, the Company has recently commenced the sale under its own brand names of certain products especially manufactured for it.

Recent and Proposed Expansion

In September 1960, the Company acquired control of all of the outstanding Common shares of T. H. Peacock Limited and T. H. Peacock (Southern) Limited, companies with their Head Offices in Calgary, Alberta, engaged in a similar business to Acklands throughout Alberta and Eastern British Columbia. T. H. Peacock Limited and T. H. Peacock (Southern) Limited were merged after this acquisition, the name becoming T. H. Peacock Distributors Ltd. Mr. F. H. Peacock, the former owner of the Peacock companies subsequently became a director and general manager of Acklands Limited.

In order to extend the Company's operations into North-Western Ontario, the Company acquired all of the outstanding Common shares of United Industrial-Automotive Co. (Lakehead) Limited as at January 31, 1961.

The Company has recently purchased the accounts receivable, inventory and goodwill of the Edmonton branch of McLennan, McFeely & Prior Limited and is now carrying on the business of such branch as a part of Acklands. This operation stocks and supplies iron and steel bars, sheets, plate, pipes and structural angles, beams and channels and other related products.

The Company may from time to time make acquisitions of the shares or assets of other companies if such acquisitions would strengthen the position of the Acklands operation and improve service to its customers. The Company has also instituted a policy of renewal and modernization at its existing branches. New or modernized branch warehouses have been opened or will shortly be opened in Winnipeg, Brandon, Dauphin, Saskatoon, Calgary, and Edmonton.

Capitalization

(on completion of proposed and concurrent financing)

	<u>Authorized</u>	<u>Issued and Outstanding</u>
6¾% Secured Debenture, due April 15, 1977.....	\$1,350,000	\$1,350,000
6% Cumulative Redeemable Preference Shares (\$25.00 par value).....	40,000 shs.	40,000 shs.
Common Shares without par value.....	2,000,000 shs.	402,300 shs.

Purpose of Issue

The net proceeds to be derived by the Company from the sale of 6% Cumulative Redeemable Preference Shares and Common Shares offered by this prospectus will be applied as to approximately \$160,000 to discharge notes payable by the Company presently outstanding, as to approximately \$1,000,000 to reduce or retire the Company's indebtedness to its bankers and as to the balance for the general corporate purposes of the Company.

Purchase Fund

So long as any of the 6% Cumulative Redeemable Preference Shares are outstanding and subject to certain provisions, the Company shall, on or before the 1st day of May in each year commencing with the year 1963, set aside as a purchase fund for the purchase of 6% Cumulative Redeemable Preference Shares for cancellation an amount equal to the lesser of \$20,000 or 10% of the consolidated net earnings after taxes on income, (as defined) for the last preceding fiscal year after deducting from such consolidated net earnings after taxes on income an amount equal to dividends on all 6% Cumulative Redeemable Preference Shares outstanding at the commencement of the fiscal year in which such purchase fund is to be set aside at the full rate or rates for such last mentioned fiscal year; provided that the Company in any year shall only be required to set aside for purchase fund purposes an amount which when added to the amounts theretofore set aside and not used or applied to the purchase of 6% Cumulative Redeemable Preference Shares on or before the 1st day of May of such year will equal \$50,000. Reference is hereby expressly made to subparagraph 10 of paragraph 8 of the Statutory Information for a full statement of the provisions relating to the purchase fund.

ACKLANDS LIMITED

Statement of Consolidated Earnings

To the Directors,
ACKLANDS LIMITED

We have examined the statement of consolidated earnings of Acklands Limited and its subsidiary companies for the ten years ended November 30, 1961. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. For the year 1960, the accounts of T. H. Peacock Limited and T. H. Peacock (Southern) Limited were examined and reported on by another firm of chartered accountants.

In our opinion, the accompanying statement of consolidated earnings, supplemented by footnotes (1) to (6) relative thereto, presents fairly the consolidated earnings of the companies for the ten years ended November 30, 1961, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Year ended November 30	Net earnings before interest on long term debts, depreciation and income taxes	Interest on long term debts		Deprecia- tion	Net earnings before income taxes	Income taxes	Net earnings for year	Dividends paid
		Debentures	Mortgages and notes					
1952	\$ 77,675	—	4,378	14,315	58,982	28,000	30,982	—
1953	84,437	—	4,070	14,251	66,116	27,000	39,116	—
1954	23,345	—	3,812	18,096	1,437	600	837	—
1955	40,376	—	4,054	17,777	18,545	3,800	14,745	—
1956	169,526	—	3,626	20,496	145,404	63,000	82,404	—
1957	186,470	—	3,198	22,612	160,660	70,200	90,460	120,920
1958	285,568	—	2,769	25,368	257,431	114,700	142,731	20,504
1959	380,984	—	2,343	22,333	356,308	170,510	185,798	34,436
1960	368,522	19,811	4,463	24,396	319,852	144,025	175,827	29,119
1961	530,386	54,863	15,858	45,141	414,524	199,392	215,132	75,575

NOTES:

- Earnings of subsidiaries are consolidated commencing with dates of acquisition as follows:
T. H. Peacock Limited—August 31, 1960
T. H. Peacock (Southern) Limited—August 31, 1960
Westward Investments Ltd.—August 31, 1960
United Industrial-Automotive Co. (Lakehead) Limited—January 31, 1961.
- T. H. Peacock Limited and T. H. Peacock (Southern) Limited were merged as of December 1, 1960, and are now operating as T. H. Peacock Distributors Ltd. The earnings of such merged company for 1961 are included in the accompanying statement.
- The name of the company was changed from D. Ackland & Son Limited to Acklands Limited in 1960.
- Consolidated earnings for 1960 do not include a gain of \$38,000 realized on the sale of the company's lumber division.
- The proceeds of the dividend paid in 1957 were loaned back to the company and this indebtedness has been reduced to \$40,821 at November 30, 1961.
- Interest on mortgages and notes does not include interest paid on bank indebtedness nor on the loans referred to in Note 5. During the year ended November 30, 1961, the company paid interest of \$52,091 on bank indebtedness and other interest of \$3,249 including interest on loans referred to in note 5.

(Signed) SHARP, WOODLEY, SCOTT & McLAUGHLIN
Chartered Accountants

Winnipeg, Manitoba.
February 26, 1962.

McLENNAN, McFEELY & PRIOR LIMITED
(Edmonton Branch)

Statement of Earnings

To the Directors,
ACKLANDS LIMITED,
McLENNAN, McFEELY & PRIOR LIMITED

We have examined the statement of earnings of the Edmonton branch of McLennan, McFeely & Prior Limited for the six years ended December 31, 1961. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statement of earnings when read in conjunction with the notes thereto presents fairly the earnings of the branch for the six years ended December 31, 1961, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Year ended December 31	Net earnings before interest, depreciation and income taxes	Interest	Depreciation	Net earnings before income taxes	Pro forma income taxes	Net earnings after pro forma income taxes
	(Note 1)	(Note 2)	(Note 3)		(Note 4)	
1956	\$150,480	9,392	18,011	123,077	57,846	65,231
1957	125,466	11,347	25,898	88,221	41,464	46,757
1958	84,893	7,781	21,367	55,745	26,200	29,545
1959	149,696	8,667	17,733	123,296	61,648	61,648
1960	122,074	8,912	17,028	96,134	48,067	48,067
1961	107,746	9,149	15,811	82,786	41,393	41,393

NOTES:

1. After deducting a charge of 2% of purchases and merchandise transfers made to the branch to cover Head Office administrative costs, none of which are directly allocated to branches.
2. Represents an allocation of the company's interest expense based on capital employed.
3. Depreciation charged at maximum rates allowable for income tax purposes.
4. Pro forma income taxes calculated at maximum rates for the year irrespective of levels of taxable income earned by the branch or by the company as a whole.

Vancouver, British Columbia,
February 8, 1962.

(Signed) HELLIWELL, MACLACHLIN & Co.
Chartered Accountants

ACKLANDS LIMITED
and
EDMONTON BRANCH OF McLENNAN, McFEELY & PRIOR LIMITED

Statement of Combined Earnings

(made up of consolidated earnings of Acklands Limited for 10 years ended November 30, 1961 and earnings less pro forma income taxes of the Edmonton Branch of McLennan, McFeely & Prior Limited for 6 years ended December 31, 1961.)

To the Directors,
ACKLANDS LIMITED,
Winnipeg, Manitoba.

We have examined the statement of combined earnings of Acklands Limited and its subsidiary companies for the ten years ended November 30, 1961 and of the Edmonton Branch of McLennan, McFeely & Prior Limited for the six years ended December 31, 1961. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. For the year 1960 the accounts of T. H. Peacock Limited and T. H. Peacock (Southern) Limited were examined and reported on by another firm of Chartered Accountants. The earnings of the Edmonton Branch of McLennan, McFeely & Prior Limited for the six years ended December 31, 1961, were examined and reported on by another firm of Chartered Accountants, and we have relied on their report.

In our opinion, the following statement of combined earnings, supplemented by the accompanying notes 1 to 3, presents fairly the combined earnings of Acklands Limited and subsidiary companies for the ten years ended November 30, 1961, and the earnings of the Edmonton Branch of McLennan, McFeely & Prior Limited for the six years ended December 31, 1961.

Year	Combined net earnings before interest on long term debts, depreciation and income taxes	Interest on long term debts	Depreciation	Net earnings before income taxes	Income taxes and pro forma income taxes	Combined net earnings
1952	77,675	4,378	14,315	58,982	28,000	30,982
1953	84,437	4,070	14,251	66,116	27,000	39,116
1954	23,345	3,812	18,096	1,437	600	837
1955	40,376	4,054	17,777	18,545	3,800	14,745
1956	320,006	13,018	38,507	268,481	120,846	147,635
1957	311,936	14,545	48,510	248,881	111,664	137,217
1958	370,461	10,550	46,735	313,176	140,900	172,276
1959	530,680	11,010	40,066	479,604	232,158	247,446
1960	490,596	33,186	41,424	415,986	192,092	223,894
1961	638,132	79,870	60,952	497,310	240,785	256,525

- NOTES: 1. Earnings for each of the ten years include those for Acklands Limited and subsidiary companies for the fiscal years ended November 30; earnings for the six years 1956 to 1961, inclusive, include earnings of the Edmonton branch of McLennan, McFeely & Prior Limited for the years ended on the subsequent December 31.
2. Interest on long term debt includes interest charged against the earnings of the Edmonton branch of McLennan, McFeely & Prior Limited.
3. Reference is made to Notes 1 to 6 to the statement of consolidated earnings of Acklands Limited and subsidiary companies on page 3 hereof and to notes 1 to 4 to the statement of earnings of the Edmonton branch of McLennan, McFeely & Prior Limited above.

Winnipeg, Manitoba,
March 23, 1962.

(Signed) SHARP, WOODLEY, SCOTT & McLAUGHLIN
Chartered Accountants

Auditors' Report

To the Directors,

Acklands Limited,

Winnipeg, Manitoba.

We have examined the consolidated balance sheet and the pro forma consolidated balance sheet of Acklands Limited as at November 30, 1961, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We report that, in our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies that:

1. the accompanying consolidated balance sheet (actual) presents fairly the financial position of Acklands Limited and its subsidiary companies on a consolidated basis at November 30, 1961, in accordance with generally accepted accounting principles,
2. the accompanying pro forma consolidated balance sheet presents fairly the financial position of Acklands Limited and its subsidiary companies on a consolidated basis after giving effect to the adjustments set forth in the accompanying notes.

SHARP, WOODLEY, SCOTT & McLAUGHLIN
Chartered Accountants

Winnipeg, Manitoba,

February 26, 1962.

Consolidated Balance Sheet and Profit and Loss Statement

November 30, 1962

Assets			
		Actual	Pro Forma (Note 1)
CURRENT ASSETS:			
Cash.....		\$ 139,535	\$ 497,116
Accounts receivable less allowance for doubtful accounts of \$57,515 (actual) and \$58,515 (pro forma).....		1,730,458	1,910,128
Advances to employees.....		13,984	13,984
Claims for refunds of sales tax.....		38,593	38,593
Other advances and receivables.....		10,893	10,893
Inventories at lower of cost or market.....		2,675,615	3,030,209
Prepaid expenses.....		20,300	20,300
		<u>\$4,629,378</u>	<u>\$5,521,223</u>
OTHER ASSETS:			
Investment in Alpac Warehouses Ltd.—at cost.....		\$ 100	\$ 100
Advances to Alpac Warehouses Ltd.....		6,865	6,865
Long term receivables, due within two years.....		33,991	33,991
		<u>\$ 40,956</u>	<u>\$ 40,956</u>
FIXED ASSETS:			
Buildings, equipment and leasehold improvements—at cost.....		\$ 724,612	\$ 724,612
Deduct—accumulated depreciation and amortization.....		247,291	247,291
		<u>477,321</u>	<u>477,321</u>
Construction in progress.....		2,736	2,736
Land.....		99,806	99,806
		<u>\$ 579,863</u>	<u>\$ 579,863</u>
DEFERRED CHARGES: (Note 8)			
Expenses of issue of debenture in 1960 less amounts written off.....		\$ 46,141	\$ 46,141
Estimated share issue expenses and commission.....		—	114,500
Estimated expenses and commission on issue of debenture in 1962.....		—	17,425
		<u>46,141</u>	<u>178,066</u>
Prepaid rent retained by landlord upon termination of leases (Note 7) ..		31,500	31,500
Organization expenses.....		294	294
		<u>\$ 77,935</u>	<u>\$ 209,860</u>
GOODWILL:			
Excess of cost of investments in subsidiaries over book values thereof at dates of respective acquisitions.....		\$ 177,026	\$ 177,026
Goodwill of Edmonton branch of McLennan, McFeely & Prior Limited— at cost (Note 1 (i)).....		—	1
		<u>\$ 177,026</u>	<u>\$ 177,027</u>
		<u>\$5,505,158</u>	<u>\$6,528,929</u>

Approved on behalf of the Board of Directors

(signed) D. J. WILKINS, Director

(signed) MAX WOLINSKY, Director

The accompanying notes are

Pro Forma Consolidated Balance Sheet

1961

	Liabilities	
	Actual	Pro Forma (Note 1)
CURRENT LIABILITIES:		
Bank loans and overdrafts—secured.....	\$ 947,858	—
Accounts payable and accrued expenses.....	1,869,465	\$1,869,465
Provision for balance of liability under purchase agreement (Note 3)....	65,772	65,772
Loans payable.....	20,108	20,108
Payments on long term liabilities due within one year.....	115,628	90,000
Income taxes payable.....	181,409	181,409
	<u>\$3,200,240</u>	<u>\$2,226,754</u>
LONG TERM LIABILITIES:		
Debenture payable — The Prudential Insurance Company of America (secured) (Note 1 (h) and Note 4).....	\$ 756,250	\$1,350,000
Notes payable (Note 5).....	174,121	—
	<u>930,371</u>	<u>1,350,000</u>
Deduct—payments thereon due within one year.....	115,628	90,000
	<u>\$ 814,743</u>	<u>\$1,260,000</u>
SHAREHOLDERS' EQUITY:		
Capital stock		
Authorized (actual): (Note 2)		
1,500,000 Common shares without par value		
75,000 shares of the par value of \$20.00 each—designated as Preference shares		
Authorized (pro forma): (Note 1)		
2,000,000 Common shares without par value		
40,000 6% Cumulative Redeemable Preference shares of the par value of \$25.00 each		
Issued (actual):		
302,300 Common shares without par value.....	\$ 302,300	—
Issued (pro forma):		
402,300 Common shares without par value.....	—	\$ 854,300
40,000 6% Cumulative Redeemable Preference shares of the par value of \$25.00 each.....	—	1,000,000
Retained earnings.....	1,187,875	1,187,875
	<u>\$1,490,175</u>	<u>\$3,042,175</u>
	<u>\$5,505,158</u>	<u>\$6,528,929</u>

egral part of these balance sheets.

ACKLANDS LIMITED

Notes to Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet

November 30, 1961

1. The pro forma consolidated balance sheet at November 30, 1961, gives effect to the following:
 - (a) the issuance of supplementary letters patent dated March 6, 1962, (i) converting 25,000 shares of the par value of \$20 each into 500,000 Common Shares without par value and (ii) consolidating 50,000 shares of the par value of \$20 each into 40,000 shares of the par value of \$25 each;
 - (b) the enactment of by-law No. 112 of the Company creating from the 40,000 shares of the par value of \$25 each, 40,000 6% Cumulative Redeemable Preference Shares of the par value of \$25 each and setting forth the preferences, rights, conditions, restrictions, limitations and prohibitions to be attached thereto;
 - (c) the allotment and issue of 40,000 Common Shares without par value as fully paid and non-assessable shares to employees, directors and officers of the Company and/or of its subsidiary companies at the price of \$4.80 per share paid in cash;
 - (d) the issue and sale by the Company to Fry & Company Limited, as underwriter, pursuant to an agreement dated March 21, 1962 of 40,000 6% Cumulative Redeemable Preference Shares of the par value of \$25 each at the price of \$25 per share and 60,000 Common Shares without par value at the price of \$6 per share and the payment of the underwriter's commission of \$87,000;
 - (e) the payment of \$27,500 estimated expenses of the above issues;
 - (f) the application of \$174,121 to discharge the notes payable by the Company;
 - (g) the application of \$947,858 to the retirement of the Company's indebtedness to its bankers;
 - (h) the creation and sale by the Company to The Prudential Insurance Company of America of \$1,350,000 principal amount 6¾% Secured Debenture payable \$45,000 semi-annually for the term of fifteen years commencing October 15, 1962, final payment due April 15, 1977 and the redemption of \$756,250 principal amount 7% Secured Debenture held by The Prudential Insurance Company of America and the payment of a commission to Fry & Company Limited of \$12,425;
 - (i) the application of \$534,265 to the purchase as at January 1, 1962 of the business of the Edmonton Branch of McLennan, McFeely & Prior Limited as follows:

Accounts Receivable	
(less allowance of \$1,000 for doubtful accounts).....	\$179,670
Inventory of Merchandise on hand valued at the lower of cost or market.....	354,594
Goodwill representing the right to carry on the business previously conducted by the Edmonton Branch of McLennan, McFeely & Prior Limited.....	1
	\$534,265
 - (j) the payment of \$5,000 estimated expenses of the issue of the 6¾% Secured Debenture.
2. The Company was granted supplementary letters patent dated July 19, 1961, whereby the authorized capital was changed to 1,500,000 common shares without par value for which the total aggregate consideration is not to exceed \$1,500,000 and 75,000 shares with a par value of \$20 each. Pursuant to the supplementary letters patent, the 3,023 common shares with a par value of \$100 each, which were outstanding at November 30, 1960, were exchanged for 302,300 common shares without par value.
3. The Company acquired all of the outstanding capital stock of United Industrial-Automotive Co. (Lakehead) Limited as at January 31, 1961, for an aggregate consideration of \$133,300. Of such consideration, \$20,000 was satisfied by payment of cash, \$13,300 was satisfied by promissory notes and \$100,000 is to be satisfied by the construction by the Company of a warehouse and office building on land owned by it in Brandon, Manitoba (the construction of such building was in progress at November 30, 1961), and the transfer of such land and building to the vendor of the shares. The Company has agreed to lease the premises for a term of 20 years commencing February 1, 1962 for \$10,000 per annum on a net rental basis. As of November 30, 1961 the Company had paid the sum \$34,228 for such construction costs and for the acquisition of the land. The provision in the amount \$65,772 represents the balance estimated to be payable under the terms of this commitment. The consolidated statement of income includes operating figures of this subsidiary for only ten months.
4. The 7% Secured Debenture (\$756,250) is payable in quarterly instalments of \$13,750 with interest at 7% per annum, the final payment becoming due in 1975. It is secured by a first mortgage on certain real property owned by the Company and its subsidiaries and by a first floating charge on all other property and assets now owned or hereafter acquired by the Company or its subsidiaries. The agreement in respect of the 7% Secured Debenture contains and the proposed agreement with respect to the 6¾% Secured Debenture will contain, amongst other things, a covenant restricting the payment of dividends.
5. Notes payable \$174,121 consist of the following:
 - (a) Payable \$30,000 annually 1962 to 1965, inclusive, with interest at 6% per annum..... \$120,000
 - (b) Payable \$10,000 on December 31, 1961, and \$3,300 on December 31, 1962, with interest at 6% per annum..... \$ 13,300
 - (c) Payable \$1,719 per month with interest at 5¾% per annum—final payment due in 1963.... \$ 40,821
6. Various leases for terms from 1 to 13 years covering warehouse and office premises of the Company and its subsidiaries are in effect to the extent of annual rentals in the amount of \$85,120. Of these annual rentals \$12,000 in the aggregate is paid to Bellish Properties Limited for premises in Calgary and Brandon. However, the Company has entered into construction contracts for new office and warehouse premises at Calgary and Saskatoon at a total construction cost of \$248,175, which cost is being paid by Bellish Properties Limited. The Company will lease these premises for 20 years from Bellish Properties Limited at an annual rental of \$27,200 for Calgary and \$8,500 for Saskatoon, both on a net rental basis and upon such new leases being entered into, Bellish Properties Limited will release the Company from the \$12,000 annual rental above referred to. The arrangements between the Company and Bellish Properties Limited with respect to the premises at Calgary and Saskatoon include the right of the Company up to and including September 30, 1962 to purchase either or both of the said premises at the respective land and con-

struction costs thereof to Bellish Properties Limited. The net result will be annual rentals (including the \$10,000 referred to in Note 3) payable by the Company for all premises in the total amount of \$118,820, subject to adjustment in the event of the exercise by the Company of the right to purchase either or both of the premises at Calgary and Saskatoon.

7. The Company is lessee under a lease for 13 years in respect of three properties including warehouse premises at 65 Higgins Avenue in Winnipeg. By agreement with the landlord, Bellish Properties Limited, the part of this lease in respect of this Winnipeg warehouse was terminated at November 30, 1961 and the Company agreed to forfeit prepayment of rent in the amount of \$31,500 over the next 5 years provided the landlord refrains from renting these premises to competitors of the Company during that period.
8. The Company proposes to amortize all financing expenses and commissions by charges to earnings over a period of fifteen years.
9. The Company is a party to construction contracts for a total of approximately \$95,000 with respect to premises at Winnipeg and Dauphin, Manitoba.

Statutory Information

1. The full name of the Company is Acklands Limited (hereinafter called the "Company"). The address of the head office of the Company is 125 Higgins Avenue, Winnipeg, Manitoba.

2. The Company was incorporated under the laws of the Province of Manitoba by Letters Patent dated the 27th day of November, 1905 as D. Ackland & Son Limited, with authorized capital of \$100,000 divided into 1,000 Shares of the par value of \$100 each. Supplementary Letters Patent dated the 14th day of May, 1912 were issued to the Company whereby the authorized capital of the Company was increased to \$500,000 divided into 5,000 Shares of the par value of \$100 each. Supplementary Letters Patent dated the 19th day of October, 1945 were issued to the Company whereby inter alia the authorized capital of the Company was reduced to \$486,000 divided into 860 Preference Shares of the par value of \$100 each and 4,000 Common Shares of the par value of \$100 each. Supplementary Letters Patent dated the 3rd day of February, 1960 were issued to the Company whereby its corporate name was changed from D. Ackland & Son Limited to Acklands Limited. Supplementary Letters Patent dated the 19th day of July, 1961 were issued to the Company whereby the capital stock of the Company was increased and altered so that the authorized capital of the Company became \$3,000,000 divided into 75,000 Shares of the par value of \$20 each and 1,500,000 Common Shares without par value. Supplementary Letters Patent dated the 6th day of March, 1962 were issued to the Company whereby 25,000 Shares of a par value of \$20 each were subdivided and changed into 500,000 Common Shares without par value, and the remaining 50,000 Shares of a par value of \$20 each were consolidated and changed into 40,000 Shares of a par value of \$25 each so that the total authorized capital of the Company became \$3,000,000 divided into 2,000,000 Common Shares without par value, and 40,000 Shares of the par value of \$25 each. By By-law No. 112 of the Company the 40,000 Shares of the par value of \$25 each are designated as 6% Cumulative Redeemable Preference Shares with the preferences, rights, conditions, restrictions, limitations and prohibitions set forth in paragraph 8 hereof attached thereto.

3. The general nature of the business actually transacted by the Company, directly or through its ownership of shares of subsidiaries, is the wholesale distribution of automotive parts, equipment and accessories, industrial hardware and machine shop equipment, electrical supplies and equipment, iron and steel and related products.

4. The names in full, present occupations and home addresses in full of the directors and chief executive officers of the Company are as follows:

Leonard Wolinsky.....	<i>Executive</i>	537 Briar Hill Avenue, Toronto, Ontario.
<i>Director and President</i>		
Hyman Bessin.....	<i>Executive</i>	438 Daly Avenue, Ottawa, Ontario.
<i>Director, Chairman of the board and Vice-President</i>		
Max Wolinsky.....	<i>Barrister and Solicitor</i>	294 Kingsway Avenue, Winnipeg, Manitoba.
<i>Director and Secretary</i>		
Nathan Starr.....	<i>Chartered Accountant</i>	150 Betty Ann Drive, Willowdale, Ontario.
<i>Director and Treasurer</i>		
Frederick Halliday Peacock.....	<i>Executive</i>	934 Riverdale Avenue, Calgary, Alberta.
<i>Director and General Manager</i>		
Hon. Paul Martin, P.C., M.P.....	<i>Queen's Counsel</i>	2021 Ontario Avenue, Windsor, Ontario.
<i>Director</i>		
Nathan Schecter.....	<i>Physician</i>	434 Daly Avenue, Ottawa, Ontario.
<i>Director</i>		
Donald Jaffray Wilkins.....	<i>Investment Dealer</i>	64 Garfield Avenue, Toronto, Ontario.
<i>Director</i>		
Joseph Wolinsky.....	<i>Executive</i>	126 Machray Avenue, Winnipeg, Manitoba.
<i>Director</i>		

5. The auditors of the Company are Sharp, Woodley, Scott & McLaughlin, Chartered Accountants, 602—504 Main Street, Winnipeg, Manitoba.

6. The Canada Trust Company, at its principal office in Toronto, Ontario, in Winnipeg, Manitoba and in Montreal, Quebec, is the registrar and transfer agent of both classes of shares in the capital stock of the Company.

7. The authorized capital of the Company is divided into 40,000 6% Cumulative Redeemable Preference Shares of the par value of \$25 each, none of which are issued and 2,000,000 Common Shares without par value, of which 342,300 have been issued and are now outstanding as fully paid and non-assessable shares.

8. The said 40,000 6% Cumulative Redeemable Preference Shares of the par value of \$25 each (hereinafter called the "Preference Shares") have attached thereto the following preferences, rights, conditions, restrictions, limitations and prohibitions:

(1) The holders of the Preference Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at the rate of six per cent (6%) per annum payable quarterly on the last days of February, May, August and November in each year on the amounts from time to time paid up thereon; such dividends shall accrue from such date or dates not later than six (6) months after the respective dates of issue of the Preference Shares as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the date of allotment; cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada shall be issued in respect of such dividends; if on any dividend payment date the dividend payable on such date is not paid in full on all of the Preference Shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same; the holders of the Preference Shares shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for;

(2) In the event of the liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs the holders of the

Preference Shares shall be entitled to receive the amount paid up on such shares together with all accrued and unpaid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of distribution) and, if such liquidation, dissolution, winding up or distribution be voluntary, an additional amount equal to the premium which would be payable as part of the redemption price of such shares if such shares were redeemed under the provisions of clause (6) hereof at the time of payment under the provisions of this clause (2), before any amount shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Preference Shares; after payment to the holders of the Preference Shares of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company;

(3) The holders of the Preference Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting (but shall be entitled to have mailed to them copies of the financial statements and the auditors' report thereon to be submitted to annual meetings of shareholders and notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof) unless and until the Company from time to time shall fail to pay in the aggregate six (6) quarterly dividends on the Preference Shares and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter but only so long as any dividends on the Preference Shares remain in arrears the holders of the Preference Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to six (6) votes in respect of each Preference Share held and shall be entitled, voting separately and as a class, to elect three (3) members of the board of directors of the Company if the board consists of eight (8) or fewer directors or four (4) members of the board of directors if the board consists of more than nine (9); nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors;

Notwithstanding anything contained in the by-laws of the Company, the term of office of all persons who may be directors of the Company at any time when the right to elect directors shall accrue to the holders of Preference Shares as herein provided, or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than twenty (20) days' written notice and which shall be called by the Secretary of the Company upon the written request of the holders of record of at least one-tenth (1/10) of the outstanding Preference Shares; in default of the calling of such general meeting by the Secretary within five (5) days after the making of such request, such meeting may be called by any holder of record of Preference Shares;

Any vacancy or vacancies occurring among members of the board elected to represent the holders of Preference Shares in accordance with the foregoing provisions may be filled by the board of directors with the consent and approval of the remaining director or directors elected to represent the holders of Preference Shares but if there be no such remaining director the board may elect or appoint sufficient holders of Preference Shares to fill the vacancy or vacancies; whether or not such vacancy or vacancies is or are so filled by the board, the holders of record of at least one-tenth (1/10) of the outstanding Preference Shares shall have the right to require the Secretary of the Company to call a meeting of the holders of Preference Shares for the purpose of filling the vacancy or vacancies or replacing all or any of the persons elected or appointed to fill such vacancy or vacancies and the provisions of the last preceding paragraph shall apply with respect to the calling of any such meeting;

Notwithstanding anything contained in the by-laws of the Company (i) upon any termination of the voting rights of the holders of the Preference Shares, the term of office of the directors elected to represent the holders of Preference Shares shall forthwith terminate and (ii) the holding of one (1) Preference Share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of Preference Shares;

(4) No dividends shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the Preference Shares unless all dividends up to and including the dividend payable for the last completed quarter on the Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Company ranking junior to the Preference Shares nor shall the Company call for redemption or purchase for cancellation or reduce or otherwise pay off any of the Preference Shares (less than the total amount then outstanding) or any shares of the Company ranking junior to the Preference Shares unless all dividends up to and including the dividend payable for the last completed quarter on the Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment off;

(5) Subject to the provisions of clause (4) hereof, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Preference Shares outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Preference Shares outstanding at the lowest price or prices at which, in the opinion of the board of directors, such shares are obtainable but not exceeding the price at which, at the date of purchase, such shares are redeemable as provided in clause (6) hereof (including accrued and unpaid preferential dividends as provided in the said clause (6)) plus costs of purchase; if upon any invitation for tenders under the provisions of this clause the Company shall receive tenders of Preference Shares at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number for which the Company is prepared to accept tenders, the Preference Shares so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Preference Shares so tendered by each of the holders of Preference Shares who submitted tenders at the said same lowest price; upon the purchase of any Preference Shares under the provisions of this clause the shares so purchased shall be deemed to be redeemed and shall be cancelled and shall not be reissued;

(6) Subject to the provisions of clause (4) hereof, the Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Preference Shares on payment for each share to be redeemed of the amount paid up on such share together with a premium of Two dollars (\$2.00) if redeemed on or before the first day of June, 1967, or a premium of One dollar and twenty-five cents (\$1.25) if redeemed thereafter and together in all cases with all accrued

and unpaid preferential dividends (which for such purpose shall be calculated as if the dividends on the Preference Shares were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of such redemption); in case a part only of the then outstanding Preference Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the directors determine or, if the directors so determine, may be redeemed pro rata disregarding fractions;

(7) In any case of redemption of Preference Shares under the provisions of clause (6) hereof, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Preference Shares to be redeemed a notice in writing of the intention of the Company to redeem such Preference Shares; such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure or omission to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the Preference Shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Preference Shares to be redeemed the redemption price on presentation and surrender at the head office of the Company or at any other place designated in such notice of the certificates representing the Preference Shares so called for redemption; such payment shall be made by cheques payable at par at any branch of the Company's bankers (far northern branches excepted) for the time being in Canada; such preference shares shall thereupon be and be deemed to be redeemed and shall be cancelled and shall not be reissued; if a part only of the Preference Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified for redemption in any such notice, the Preference Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any Preference Shares as aforesaid to deposit the redemption price of the Preference Shares so called for redemption or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Preference Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Preference Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and shall be cancelled and shall not be reissued, and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively; any interest allowed on any such deposit shall belong to the Company;

(8) So long as any of the Preference Shares are outstanding the Company shall not

- (i) declare or pay any dividends (other than stock dividends in shares of the Company's capital stock ranking junior to the Preference Shares) on any of its shares at any time outstanding and ranking junior to the Preference Shares; or
- (ii) redeem, reduce, purchase or otherwise pay off any of its shares at any time outstanding and ranking junior to the Preference Shares (except out of the proceeds of an issue of shares ranking junior to the Preference Shares made at any time after the first day of June, 1962, and prior to or contemporaneously with any such redemption, reduction, purchase or payment); or
- (iii) elect to pay any tax on undistributed income under the provisions of Section 105 of the Income Tax Act (Canada) as now enacted or as the same may from time to time be amended or re-enacted or elect to pay any tax under any similar provisions

unless immediately after giving effect to such action the aggregate amount

(a) declared and/or paid subsequent to the first day of December, 1960 as dividends (other than stock dividends in shares of the Company's capital stock ranking junior to the Preference Shares) on all shares of all classes of the Company's capital stock; and

(b) distributed and/or paid (on redemption, reduction, purchase or other payment off) subsequent to the first day of December, 1960 in respect of all shares (other than Preference Shares) of all classes of the Company's capital stock; and

(c) elected to be paid as tax as mentioned in sub-division (iii) immediately preceding

plus an amount equal to two (2) times the annual dividend requirements of all Preference Shares outstanding on the date of any such action will not be more than the aggregate of the consolidated net earnings available for dividends plus the net cash proceeds to the Company of the issue after the first day of December, 1961 of any shares of its capital stock ranking junior to the Preference Shares; "consolidated net earnings available for dividends" means the consolidated net earnings after taxes on income earned subsequent to the first day of December, 1960 calculated as provided in Clause (13) hereof except that in calculating consolidated net earnings available for dividends the earnings or losses of any subsidiary shall only be included from the date when such subsidiary became a subsidiary of the Company;

For the purposes of this clause (8) and subject to the foregoing provisions hereof the directors of the Company may from time to time determine the consolidated net earnings available for dividends as of a date not more than ninety (90) days prior to the making of such determination and may determine such consolidated net earnings available for dividends to be not less than a stated amount without determining the exact amount thereof; in making any such determination the directors shall consider and may rely on the last available audited consolidated balance sheet of the Company and its subsidiaries and/or the last available audited balance sheet of the Company reported on by the Company's auditors and may consider and rely on the last available unaudited consolidated balance sheet of the Company and its subsidiaries and/or the last available unaudited balance sheet of the Company prepared by the accounting officers of the Company and upon any other financial statement, report or other data which they may consider reliable provided that the directors shall not make any such determination on the basis of any such balance sheet, statement,

report or other data if to their knowledge any event has happened which would materially or adversely affect such consolidated net earnings available for dividends as determined on such basis; upon any determination having been made by the directors under the provisions hereof the consolidated net earnings available for dividends as at any date within a period of ninety (90) days following the date as of which such determination is made (unless any further determination of such consolidated net earnings available for dividends is so made within the said period) shall be conclusively deemed to be not less than the amount stated in such determination and such determination shall be conclusive and binding on the Company and the holders of shares of every class;

(9) Subject as hereinafter provided, so long as any of the Preference Shares are outstanding the Company shall not without, but may from time to time with, the approval of the holders of the Preference Shares given as hereinafter specified

(a) issue or become liable on any funded indebtedness; or

(b) permit any subsidiary (other than a subsidiary which carries on or is to carry on the sole business of purchasing, selling and financing accounts receivable of the Company and/or its subsidiaries) to guarantee any indebtedness or dividends of or give any other guarantee on behalf of any person, firm or corporation other than the Company provided, however that nothing herein contained shall prevent any subsidiary guaranteeing indebtedness of its employees so long as no such guarantee exceeds \$5,000 with respect to any one employee; or

(c) sell or otherwise dispose of any funded indebtedness of any subsidiary or shares of any subsidiary or permit any subsidiary to issue, sell or otherwise dispose of or to become liable on (except to the Company or to a subsidiary of which such subsidiary is a subsidiary) any funded indebtedness or shares of such subsidiary or of any other subsidiary; or

(d) sell or otherwise dispose of or permit any subsidiary company to sell or otherwise dispose of (except to the Company or to a subsidiary of which such subsidiary is a subsidiary) by conveyance, transfer, lease or otherwise the assets and undertaking of the Company or of a subsidiary as the case may be as an entirety or substantially as an entirety;

provided always that the foregoing restrictions shall not apply to nor operate to prevent

- (i) the giving of security or securities (except on fixed assets) by the Company or a subsidiary to any bank or banks or to any other loaning institution for present or future debts or liabilities of the Company or such subsidiary to such bank or banks or loaning institution provided that such debts or liabilities do not constitute funded indebtedness; or
- (ii) the extension, renewal or refunding by a subsidiary of any funded indebtedness of such subsidiary to the extent of the principal amount of such funded indebtedness at the time of such extension, renewal or refunding provided that such funded indebtedness was funded indebtedness of the subsidiary at the time when such subsidiary became a subsidiary; or
- (iii) the extension, renewal or refunding by the Company of any funded indebtedness of the Company to the extent of the principal amount of such funded indebtedness at the time of such extension, renewal or refunding; or
- (iv) the assuming or giving from time to time of purchase money mortgages or other purchase money liens on property acquired by the Company or any subsidiary or the acquiring from time to time of property subject to any mortgage, lien, charge or encumbrance thereon existing at the time of such acquisition, provided that no such mortgage, lien, charge or encumbrance shall exceed seventy per cent (70%) of the cost of such property; or
- (v) the renewing or refunding from time to time of any mortgage, lien, charge or encumbrance permitted under subdivision (iv) of this clause (9) to the extent of the principal amount of any such mortgage, lien, charge or encumbrance at the time of such renewal or refunding;

Notwithstanding anything herein contained the foregoing restrictions shall not prevent or be so construed as to prevent the Company or any subsidiary or subsidiaries creating, issuing or becoming liable on funded indebtedness (a) to the extent that the consolidated funded indebtedness of the Company and its subsidiary companies to be outstanding immediately after such creation, issuance or becoming liable, as the case may be, and irrespective of when such indebtedness or liability was incurred shall not thereby be increased to a sum greater than forty-two and one-half per cent ($42\frac{1}{2}\%$) of an amount determined by adding to the consolidated net tangible assets of the Company and its subsidiaries the principal amount of all consolidated funded indebtedness of the Company and its subsidiaries which is to be outstanding immediately after such creation, issuance or becoming liable, as the case may be, and (b) if the consolidated net earnings before taxes on income for each of two (2) of the last three (3) completed fiscal years next preceding the date of creation, issuance or becoming liable has been at least equal to four (4) times the annual interest requirements on all consolidated funded indebtedness of the Company and its subsidiaries to be outstanding immediately after such creation, issuance or becoming liable; and the Company and/or its subsidiaries may give security from time to time in respect of any such funded indebtedness;

(10) Subject as hereinafter provided and subject to the provisions of clauses (4) and (5) hereof, so long as any of the Preference Shares are outstanding the Company shall on or before the first day of May in each year, commencing with the year 1963, set aside as a purchase fund for the purchase of Preference Shares for cancellation an amount equal to the lesser of (i) two per cent (2%) of the aggregate par value of the greatest number of Preference Shares theretofore issued or (ii) ten per cent (10%) of the consolidated net earnings after taxes on income for the last preceding fiscal year after deducting from such consolidated net earnings after taxes on income an amount equal to dividends on all the Preference Shares outstanding at the commencement of the fiscal year in which such purchase fund is to be set aside at the full rate or rates for such last mentioned fiscal year; provided that if in any fiscal year of the Company there shall be no consolidated net earnings after taxes on income after deductions in respect of dividends as aforesaid then no amount shall be required to be set aside by the Company for purchase fund purposes in the following year; provided further that if under the foregoing provisions the Company would be required to set aside in any year for purchase fund purposes an amount which when added to the amounts theretofore set aside as a purchase fund in respect of the Preference Shares and not used or applied on or before the first day of April in such year for the purposes hereinafter provided would aggregate an amount in excess of Fifty Thousand dollars (\$50,000) then the Company in such year shall only be required to set aside for purchase fund purposes an amount which when added to the said amounts theretofore set aside and not used or applied as aforesaid will equal

Fifty Thousand dollars (\$50,000); for the purposes of this clause (10) and subject to the foregoing provisions hereof, consolidated net earnings after taxes on income shall be determined by the auditors of the Company, whose determination shall be conclusive and binding on the Company and the holders of shares of every class;

Subject to the provisions of clause (4) hereof, the amounts from time to time set aside as a purchase fund in respect of the Preference Shares shall be applied as soon as it is practicable in the opinion of the directors of the Company to the purchase of Preference Shares (if obtainable) in the market at the lowest price or prices at which in the opinion of the board of directors such shares are obtainable but not exceeding an amount equal to the amount paid up thereon; to the extent to which Preference Shares cannot be so purchased at prices not exceeding the said price the Company shall not be obligated to make any application of the purchase fund in the purchase of Preference Shares but shall reserve the same until such shares in the opinion of the board of directors can be so purchased and so on from time to time so long as any of the Preference Shares shall be outstanding; any moneys set aside in the purchase fund in accordance with the foregoing provisions need not be kept separate from other moneys of the Company and pending the application thereof in the purchase of Preference Shares in accordance with the provisions of this clause (10) may be employed in the business of the Company; the Company may at any time anticipate the whole or any part of its purchase fund obligations by purchasing or redeeming Preference Shares as provided in clauses (5) and (6) hereof and crediting the cost of or amount required to redeem such Preference Shares in reduction of any purchase fund obligations thereafter becoming due;

Notwithstanding anything herein contained the Company shall not be obligated to purchase any Preference Shares if and so long as such purchase would constitute a breach by the Company of the provisions of any agreement heretofore or hereafter entered into between the Company and the holders of any of its funded indebtedness or between the Company and a trustee in respect of any such funded indebtedness or if and so long as such purchase would be contrary to any applicable law;

(11) No class of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the Preference Shares without the approval of the holders of the Preference Shares given as hereinafter specified nor shall the authorized amount of Preference Shares be increased without such approval;

(12) The approval of the holders of the Preference Shares as to any and all matters referred to herein may be given by resolution passed at a meeting of the holders of Preference Shares duly called and held upon at least ten (10) days' notice at which the holders of at least a majority of the outstanding Preference Shares are present or represented by proxy and carried by the affirmative votes of the holders of at least two-thirds (2/3) of the Preference Shares represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding Preference Shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date not being less than fifteen (15) days later and to such time and place as may be appointed by the chairman and at least seven (7) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative votes of the holders of at least two-thirds (2/3) of the Preference Shares represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of the Preference Shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders. On every poll taken at every such meeting every holder of Preference Shares shall be entitled to one (1) vote in respect of each Preference Share held;

(13) The following words and phrases whenever used herein shall be construed as having and shall have the following meanings:

(a) "Consolidated net tangible assets" means current assets and all other assets of the Company and its subsidiaries (including the proceeds or estimated proceeds of the funded indebtedness proposed to be issued under the provisions of clause (9) hereof under a contract or arrangement providing for payment in cash within sixty (60) days after the date of such contract or arrangement except to the extent that such proceeds or estimated proceeds are to be applied to the redemption, reduction or payment off of any shares of the Company) except goodwill, leases, trademarks, formulae and after deducting all liabilities of the Company and its subsidiaries other than contingent liabilities (except to the extent that the directors with the approval of the auditors of the Company determine that provision should be made therefor) and other than liabilities to capital stock, surplus and reserves to the extent not required to be treated as liabilities in accordance with generally accepted accounting practice; consolidated net tangible assets and the value thereof shall be determined by the auditors of the Company on a consolidated basis in accordance with generally accepted accounting practice provided always that in calculating consolidated net tangible assets due allowance shall be made for the minority interest, if any, in any subsidiary;

(b) "Consolidated net earnings before taxes on income" means all gross earnings and income of the Company and its subsidiaries from all sources less all administrative and operating charges and expenses of every character and all fixed charges of the Company and its subsidiary companies (other than taxes on income and interest on funded indebtedness) but excluding gains or losses on the disposal of investments and fixed assets; without limiting the generality of the foregoing, operating charges shall include insurance, rentals, licenses, taxes, (excluding taxes on income) interest (other than interest on funded indebtedness) such provisions for bad and doubtful debts as the directors in their discretion, with the approval of the Company's auditors may determine and such provisions for depreciation as the directors in their discretion, with the approval of the Company's auditors, may determine, together with the amount of any reserve for deferred income taxes which may become payable; if, at the time of determining consolidated net earnings for any past period, the Company or any subsidiary has acquired any property or any shares of any other company (sufficient with any shares of such other company already owned by the Company or a subsidiary to result in such other company becoming a subsidiary) and if the net proceeds of the then proposed issue of funded indebtedness are to be applied directly or indirectly towards the cost of or in reimbursement of the cost of the acquisition of such property or shares (as to which a resolution of the directors shall be conclusive and binding), then the net earnings or net losses of such property or such other company for the same past period (calculated in accordance with the provisions herein contained respecting consolidated net earnings) shall, if in the opinion of the Company's auditors the Company has access to data sufficient to enable such auditors to determine such net earnings or net losses, be treated as net earnings or net losses as the case may be in the computation of consolidated net earnings; provided always that the net earnings of any subsidiary for the purpose of this definition shall only include such part of the net earnings and income of such subsidiary

as in accordance with generally accepted accounting practice is applicable to shares of such subsidiary which are held by the Company or any other subsidiary;

(c) "Consolidated net earnings after taxes on income" means consolidated net earnings before taxes on income less interest on funded indebtedness and less the amount of taxes on income payable by the Company and its subsidiaries for the period for which net earnings are to be computed;

(d) "Funded indebtedness" means any indebtedness the principal amount of which by its terms is not payable on demand and matures more than eighteen (18) months after the date of the creation or issuance thereof and any liability (contingent or otherwise) in respect of any guarantee by the Company of any such indebtedness of any person, firm or corporation other than a subsidiary;

(e) "Consolidated funded indebtedness" means the aggregate amount of all funded indebtedness of the Company and its subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting practice;

(f) "Subsidiary" means any company of which more than 50% of the outstanding shares carrying voting rights at all times (provided that the ownership of such shares confers the right at all times to elect at least a majority of the board of directors of such company) are for the time being owned by or held for the Company and/or any other company in like relation to the Company and includes any company in like relation to a subsidiary;

(14) The provisions contained in clauses numbered (1) to (13) both inclusive hereof, or any of them, may be deleted, varied, modified, amended or amplified only with the approval of the holders of the Preference Shares given as hereinbefore specified in addition to any other vote or authorization required by the laws of the Province of Manitoba.

The holders of the Common Shares are entitled to one (1) vote for each share held.

9. The particulars in respect of the securities of the Company presently issued which rank ahead of the securities offered by this prospectus are as set out hereunder in sub-paragraph (a) of this paragraph 9. The liabilities represented by all of such securities will be discharged by the Company out of the proceeds to the Company of the sale by it of the securities offered by this prospectus or the securities proposed to be issued by the Company referred to in sub-paragraph (b) of this paragraph 9.

(a) The Company issued a 7% Secured Debenture in the principal amount of \$825,000 (hereinafter called the "7% Secured Debenture") pursuant to an agreement (hereinafter called the "Loan Agreement") dated the 30th day of June, 1960 between the Company and The Prudential Insurance Company of America. As security with respect to the loan the 7% Secured Debenture contains a first floating charge to and in favour of the holder thereof on the undertaking and all the property and assets of the Company for the time being, both present and future, of whatsoever nature and kind, save and except only the last day of the term of any lease, verbal or written, or any agreement therefor then held or thereafter acquired by the Company and the Company executed, issued and delivered a first mortgage mortgaging and charging all real property then owned by the Company (with certain exceptions as set out in the Loan Agreement) and all real property subsequently acquired by the Company or any subsidiary (as defined in the Loan Agreement) and the Company covenanted to cause certain companies which thereafter become subsidiaries, to execute, issue and deliver a Guarantee Agreement containing floating charges and mortgages on real estate as provided for in the Loan Agreement.

The 7% Secured Debenture is dated the 8th day of July, 1960, matures on June 1, 1975 and bears interest at the rate of 7% per annum, payable quarter-annually on the 1st days of March, June, September and December in each year until the principal of the 7% Secured Debenture shall have been duly paid. The Loan Agreement provides that the Company shall apply to the prepayment of the Debentures without premium the sum of \$13,750 on September 1, 1960 and \$13,750 on December 1, 1960 and a similar amount on the 1st days of March, June, September and December in each of the years 1961 to 1974 inclusive and on the 1st day of March in the year 1975 and that the Company may make optional prepayments on account of the Debenture in accordance with the provisions of the Loan Agreement in that behalf.

The Company covenants in the Loan Agreement that it will not permit consolidated working capital at any time to be less than \$1,300,000. "Consolidated working capital" is defined in the Loan Agreement so as not to include any loans or advances made by the Company or any subsidiary nor any assets located outside (including any amounts payable by persons located outside) Canada and the United States of America.

The Company further covenants in the Loan Agreement that it will not, and will not permit any subsidiary to, pay or declare any dividend on any class of its stock, make any other distribution on account of any class of its stock, redeem, purchase or otherwise acquire, directly or indirectly, any shares of its stock, or make any payment of tax on undistributed income under Section 105 of the Income Tax Act (Canada) or any section or provision amending said Section 105 or substituted therefor, or make any excess compensation payments or make any payments of principal, premium or interest on account of certain notes referred to in the Loan Agreement (all of the foregoing being herein and in the Loan Agreement called "restricted payments") (i) except out of consolidated net earnings available for restricted payments, nor (ii) if, after giving effect thereto, the aggregate amount of the restricted payments made in the current fiscal quarter and in the seven fiscal quarters preceding the date of the proposed restricted payment would exceed consolidated net earnings for the eight fiscal quarters (taken as one accounting period) terminating at the end of the last fiscal quarter preceding the date of the proposed restricted payment. The Loan Agreement provides that there shall not be included in any computation of restricted payments or of consolidated net earnings available for restricted payments: (i) the redemption or purchase for cancellation, at par of preference shares issued after November 30, 1959, out of the proceeds of an issue of shares in the capital of the Company made for the purpose of such redemption and substantially contemporaneously therewith; or (ii) the redemption at par of the then outstanding 705 preferred shares of the par value of \$100 each in the capital of the Company; or (iii) dividends, payable in stock of the Company; or (iv) exchanges of stock of one or more classes of the Company, except to the extent that cash or other value is involved in such exchange; or (v) dividends by a subsidiary to the Company or another subsidiary. "Consolidated net earnings" is defined in the Loan Agreement to mean consolidated gross revenues of the Company and its subsidiaries less all operating and non-operating expenses of the Company and its subsidiaries including taxes on income, all determined in accordance with generally accepted accounting principles provided that excess compensation payments and any interest paid on the said notes referred to above shall not be included in expenses. "Consolidated net earnings available for restricted payments" is defined in the Loan Agreement to mean an amount equal to (1) \$30,000 plus 60% of consolidated net earnings for the period (taken as one accounting period) commencing on December 1, 1959 and terminating at the end of the last fiscal quarter preceding the date of any proposed

restricted payment, less (2) the sum of (a) the aggregate amount required pursuant to the Loan Agreement to be applied to the prepayment of the 7% Secured Debenture during such period and (b) the aggregate amount of all restricted payments made after November 30, 1959. "Excess compensation payments" is defined in the Loan Agreement to mean the excess over \$35,000 of the sum of (i) the aggregate amount of all salaries, bonuses and other compensation paid by the Company and by subsidiaries (if any) during any fiscal year to all stock holding employees (as defined in the Loan Agreement) of the Company and all subsidiaries (if any) and (ii) the aggregate amount of all management fees or other compensation paid by the Company and all subsidiaries during any fiscal year to any corporate stockholder of the Company if such corporate stockholder holds stock of the Company (of any class or classes having ordinary voting power for the election of directors) aggregating 5% or more of such voting power or to any stockholder, director, officer, agent or employee of any such corporate stockholder.

Subject to the terms and conditions of and the exceptions set out in the Loan Agreement the Company also covenants in the Loan Agreement that, amongst other things, it will not and will not permit any subsidiary to (a) create, assume or suffer to exist any mortgage, pledge, encumbrance, lien or charge of any kind (including a charge upon property purchased under conditional sales or other title retention agreements) upon any of its property or assets, whether then owned or thereafter acquired; (b) create, incur, assume or suffer to exist any funded or current debt (as defined in the Loan Agreement); (c) make or permit to remain outstanding any loan or advance to, or own, purchase or acquire any stock or securities of, any person except as permitted by the Loan Agreement; (d) sell, issue or otherwise dispose of, any shares of stock or funded debt (as defined in the Loan Agreement) or current debt (as defined in the Loan Agreement) of any subsidiary; (e) merge or consolidate with any other corporation or sell, lease or transfer or otherwise dispose of all or a substantial part of its assets or its receivables to any person; (f) enter into or permit to remain in effect any agreement to rent or lease any real property other than leases permitted by the Loan Agreement providing for payment pursuant to all such agreements in excess of an aggregate amount of \$100,000 per annum; (g) enter into any arrangement with any bank, Insurance Company or other lender or investor providing for the leasing by the Company or any subsidiary of real property (i) which has been or is to be sold or transferred by the Company or any subsidiary to such lender or investor for the purpose of leasing such property to the Company or any subsidiary or (ii) which has been or is to be acquired from another person by such lender or investor for the purpose of leasing such property to the Company or any subsidiary or (iii) on which one or more buildings have been or are to be constructed by such lender or investor for the purpose of leasing such property to the Company or any subsidiary; (h) purchase, acquire or lease any property from, or sell, transfer, dispose of or lease any property to, any person or individual who individually or with persons related by blood, adoption or marriage controls 5% or more of the voting stock of the Company or any person related by blood, adoption or marriage to such person; (i) discount or sell for less than the face value thereof its notes or accounts receivable or sell with recourse any of its notes or accounts receivable; (j) enter into or be a party to any contract for the purchase of materials, supplies or other property if such contract requires that payment for such materials, supplies or other property shall be made regardless of whether or not delivery is ever made of such materials, supplies or other property. In addition, the Company covenants that it will not permit any subsidiary to issue, sell or dispose of any shares of any class of its stock (other than Directors' qualifying shares) except to the Company or another subsidiary.

In addition, the Company has outstanding promissory notes, the particulars of which are as follows:

- (i) 6% note in the principal amount of \$120,000 payable as to \$30,000 principal amount in each of the years 1962 to 1965, inclusive;
- (ii) 6% note in the principal amount of \$3,300 payable on December 31, 1962;
- (iii) 5¾% notes in the aggregate principal amount as of February 28, 1962 of \$35,664 payable as to \$1,719 principal amount per month.

(b) the Company proposes to create and issue on or before the 16th day of April, 1962 a 6¾% Secured Debenture in the principal amount of \$1,350,000 (hereinafter called the "6¾% Secured Debenture") pursuant to an agreement (hereinafter called the "New Loan Agreement") to be dated on or about the 9th day of April, 1962, between the Company and The Prudential Insurance Company of America. As security with respect to the loan the 6¾% Secured Debenture will contain a first floating charge to and in favour of the holder thereof on the undertaking and all the property and assets of the Company for the time being, both present and future, of whatsoever nature and kind, save and except only the last day of the term of any lease, verbal or written, or any agreement therefor then held or thereafter acquired by the Company and the Company will execute, issue and deliver a first mortgage mortgaging and charging all real property now owned or subsequently acquired (with certain exceptions as set out in the New Loan Agreement) by the Company or any subsidiary (as defined in the New Loan Agreement) and the Company will covenant in the 6¾% Secured Debenture to cause certain subsidiaries to execute, issue and deliver a Guarantee Agreement containing floating charges and mortgages on real estate.

The 6¾% Secured Debenture will be dated April 16, 1962 and will bear interest at the rate of 6¾% per annum payable semi-annually on the 15th days of April and October in each year until the principal of the 6¾% Secured Debenture shall have been duly paid. The New Loan Agreement will provide that the Company shall apply to the prepayment of the Debenture without premium the sum of \$45,000 on October 15, 1962 and a similar amount on the 15th days of April and October in each of the years 1963 to 1976 inclusive and on the 15th day of April in the year 1977 and that the Company may make optional prepayments on account of the principal amount of 6¾% Secured Debenture in accordance with the provisions of the New Loan Agreement in that behalf.

It is proposed that the Company will covenant in the New Loan Agreement that it will not permit consolidated working capital at any time to be less than \$2,250,000. It is proposed that "consolidated working capital" will be defined so as not to include any assets located outside (including any amounts payable by persons located outside) Canada and the United States of America.

It is proposed that the Company will further covenant in the New Loan Agreement that it will not, and will not permit any subsidiary to, pay or declare any dividend on any class of its stock (other than the 6% Cumulative Redeemable Preference Shares offered by this Prospectus provided that dividends on such Preference Shares will be included as restricted payments in determining the amount available for other types of restricted payments), redeem, purchase or otherwise acquire any shares of its stock in an amount in excess of the aggregate issue price of shares of its stock (other than the shares offered by this prospectus) made after the date of the New Loan Agreement or make any payment of tax on undistributed income under Section 105 of the Income Tax Act (Canada) or any section or provision amending said Section 105 or substituted therefor or make any excess compensation payments (all of the foregoing being herein called "re-

stricted payments”) (i) except out of consolidated net earnings available for restricted payments, nor (ii) if after giving effect thereto the consolidated retained earnings (proposed to be defined in the New Loan Agreement) of the Company and its subsidiaries would be less than \$1,168,000.

It is proposed that the New Loan Agreement will provide that there shall not be included in any computation of restricted payments or of consolidated net earnings available for restricted payments (i) the redemption or purchase for cancellation at par of preference shares issued after November 30, 1961, out of the proceeds of an issue of shares in the capital of the Company made for the purpose of such redemption and substantially contemporaneously therewith; or (ii) dividends, payable in stock of the Company; or (iii) exchanges of stock of one or more classes of the Company except to the extent that cash or other value is involved in such exchange; or (iv) dividends by a subsidiary to the Company or other subsidiary. “Consolidated net earnings” is proposed to be defined in the New Loan Agreement to mean consolidated gross revenues of the Company and its subsidiaries less all operating and non-operating expenses of the Company and its subsidiaries including taxes on income, all determined in accordance with generally accepted accounting principles provided that excess compensation payments shall not be included in expenses. “Consolidated net earnings available for restricted payments” is proposed to be defined in the New Loan Agreement to mean an amount equal to \$125,000 plus 50% of consolidated net earnings for the period (taken as one accounting period) commencing on December 1, 1961 and terminating at the end of the last fiscal quarter preceding the date of any proposed restricted payment, less the aggregate amount of all restricted payments made after November 30, 1961. “Excess compensation payments” is proposed to be defined in the New Loan Agreement to mean the excess over \$50,000 of the sum of (i) the aggregate amount of all salaries, bonuses and other compensation paid by the Company and by subsidiaries (if any) during any fiscal year to all stock holding employees (as defined in the Loan Agreement) of the Company and all subsidiaries (if any) and (ii) the aggregate amount of all management fees or other compensation (as defined) paid by the Company and all subsidiaries during any fiscal year to any corporate stockholder of the Company if such corporate stockholder holds stock of the Company (of any class or classes having ordinary voting power for the election of directors) aggregating 5% or more of such voting power or to any stockholder, director, officer, agent or employee of any such corporate stockholder.

Subject to certain terms and conditions and certain exceptions proposed to be set out in the New Loan Agreement, the Company proposes to covenant in the New Loan Agreement that, amongst other things, it will not and will not permit any subsidiary to (a) create, assume or suffer to exist any mortgage, pledge, encumbrance, lien or charge of any kind upon any of its property or assets, (whether now owned or hereafter acquired except purchase money mortgages up to 66 $\frac{2}{3}$ % of the lower of cost or fair market value, up to a total limit of \$1,000,000 on future acquired properties); (b) create, incur, assume or suffer to exist any funded or current debt (as proposed to be defined in the New Loan Agreement which definition will exclude current bank indebtedness); (c) make or permit to remain outstanding any loan or advance to, or own, purchase or acquire any stock or securities (excepting securities of subsidiaries and certain other securities defined in the agreement) of any person; (d) sell, issue or otherwise dispose of any shares of stock or funded debt (as proposed to be defined in the New Loan Agreement) or current debt (as proposed to be defined in the New Loan Agreement which definition will exclude current bank indebtedness) of any subsidiary; (e) merge or consolidate with any other corporation or sell, lease or transfer or otherwise dispose of all or a substantial part of its assets or its receivables to any person except the Company or any subsidiary of the Company; (f) enter into or permit to remain in effect any agreement to rent or lease any real property other than leases proposed to be permitted by the New Loan Agreement providing for payment pursuant to all such agreements in excess of an aggregate amount of \$125,000 per annum; (g) enter into any arrangement with any bank, Insurance Company or other lender or investor providing for the leasing by the Company or any subsidiary of real property (i) that has been or is to be sold or transferred by the Company or any subsidiary to such lender or investor for the purpose of leasing such property to the Company or any subsidiary or (ii) which has been or is to be acquired from another person by such lender or investor for the purpose of leasing such property to the Company or any subsidiary or (iii) on which one or more buildings have been or are to be constructed by such lender or investor for the purpose of leasing such property to the Company or to any subsidiary; (h) purchase, acquire or lease any property from, or sell, transfer, dispose of or lease any property to, any person or individual who individually or with persons related by blood, adoption or marriage controls 5% or more of the voting stock of the Company or any person related by blood, adoption or marriage to such person; (i) discount or sell for less than the face value thereof its notes or accounts receivable or sell with recourse any of its notes or accounts receivable; (j) enter into or be a party to any contract for the purchase of materials, supplies or other property if such contract requires that payment for such materials, supplies or other property shall be made regardless of whether or not delivery is ever made of such materials, supplies or other property. In addition, the Company also proposes to covenant that it will not permit any subsidiary to issue, sell or dispose of any shares of any class of its stock (other than Directors’ qualifying shares) except to the Company or another subsidiary.

10. No substantial indebtedness (other than indebtedness which may be incurred in the ordinary course of business and the amount of which cannot be estimated at the date hereof) is presently proposed to be created or assumed by the Company which is not shown in the pro forma consolidated balance sheet of the Company and its subsidiaries as at November 30, 1961, accompanying and forming part of this prospectus.

11. No securities of the Company are covered by options outstanding or proposed to be given. Reference, however, is made to the letter agreement between the Company and Fry & Company Limited referred to in paragraph 16 hereof.

12. The number of securities of each class offered by this prospectus, their correct descriptive title and the terms thereof are stated on the front page of this prospectus to which reference is hereby expressly made. The said securities are offered in units consisting of one Preference Share and four Common Shares at a price to the public of \$49 per unit.

13. Of the securities offered by this prospectus, 100,000 Common Shares without par value have been purchased from a shareholder as referred to in paragraph 16 hereof and none of the proceeds from the sale thereof will be paid to the Company.

The estimated net proceeds to be derived from the sale by the Company of the 40,000 6% Cumulative Redeemable Preference Shares and the remaining 60,000 Common Shares offered hereby, on the basis of the same being fully taken up and paid for, are \$1,273,000 less legal and auditing fees and other expenses in connection with the issues, which are estimated at \$27,500.

14. The net proceeds to be derived by the Company from the sale of the said 40,000 6% Cumulative Redeemable Preference Shares and the said 60,000 Common Shares hereby offered will be applied as to

approximately \$160,000 to retire the notes payable referred to in sub-paragraph (a) of paragraph 9 hereof, as to approximately \$1,000,000 to reduce or retire bank indebtedness of the Company and as to the balance for general corporate purposes.

15. No minimum amount in the opinion of the Directors must be raised by the issue of the 6% Cumulative Redeemable Preference Shares and the Common Shares offered hereby to provide the sums required to be provided to pay the purchase price of any property, any preliminary expenses payable by the Company, any commission payable by the Company in respect of subscriptions for shares, the repayment of any monies borrowed by the Company in respect of the foregoing matters or the repayment of any bank loans, except the sum of \$87,000 payable by the Company as a commission as referred to in paragraph 16 hereof.

16. By agreement dated March 21, 1962, made between Lanark Investments Ltd. and Fry & Company Limited, as underwriter, Lanark Investments Ltd. has agreed to sell and Fry & Company Limited has agreed to purchase, on its own behalf, 100,000 Common Shares without par value of the Company on the terms and conditions set out in the said agreement, at \$6 per share, payable in cash against delivery of certificates representing the said shares. By the said agreement, Lanark Investments Ltd. has agreed to pay Fry & Company Limited in consideration of its purchasing the said 100,000 Common Shares without par value a commission of \$.45 per share.

By letter agreement dated March 21, 1962 made between the Company and Fry & Company Limited, as underwriter, the Company has agreed to sell and Fry & Company Limited has agreed to purchase on its own behalf the 40,000 6% Cumulative Redeemable Preference Shares of the par value of \$25 each and 60,000 Common Shares without par value at a price of \$25 for each such Preference Share and \$6 for each such Common Share, all payable in cash against delivery of certificates representing the said Preference Shares and Common Shares. By the said letter agreement, the Company has agreed to pay Fry & Company Limited in consideration of its subscribing for the said 6% Cumulative Redeemable Preference Shares and the said Common Shares a commission of \$1.50 per Preference Share and \$.45 per Common Share.

17. The by-laws of the Company contain the following provision with respect to the remuneration of Directors:

"The remuneration to be paid to the directors shall be such as the board shall from time to time determine and such remuneration shall be in addition to the salary paid to any officer of the Company who is also a member of the board of directors. The directors may also by resolution award special remuneration to any director undertaking any special services on the Company's behalf other than the routine work ordinarily required of a director by the Company and the confirmation of any such resolution or resolutions by the shareholders shall not be required."

18. The aggregate remuneration paid by the Company during its last financial year to directors of the Company as such was \$8,100 and to officers of the Company as such who individually received remuneration in excess of \$10,000 per annum was \$65,000. The aggregate remuneration estimated to be paid or payable by the Company during the current financial year to directors of the Company as such is \$10,800 and to officers of the Company as such who individually have received or may be entitled to receive remuneration in excess of \$10,000 per annum is \$75,000.

19. No amount has been paid within the two years preceding the date hereof or is payable as a commission by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company other than (a) the commission referred to in paragraph 16 hereof, (b) the sum of \$24,750 paid to Fry & Company Limited during 1960 as a commission in relation to the purchase by The Prudential Insurance Company of America of the 7% Secured Debenture referred to in sub-paragraph (a) of paragraph 9 hereof and (c) the sum of \$12,425 agreed to be paid to Fry & Company Limited by the Company as a commission in relation to the purchase by The Prudential Insurance Company of America of the 6¾% Secured Debenture referred to in sub-paragraph (b) of paragraph 9 hereof.

20. The Company has been carrying on business for more than one year.

21. and 22. Pursuant to an agreement dated the 28th day of September, 1960 made between the Company and Frederick Halliday Peacock, the Company purchased and Frederick Halliday Peacock sold control of all the outstanding shares of T. H. Peacock Limited and T. H. Peacock (Southern) Limited for an aggregate consideration of \$550,000, which consideration was satisfied as to the sum of \$150,000 by the issue of a promissory note by the Company in the principal amount of \$150,000. The Company proposes to retire the balance of \$120,000 owing on the said promissory note by the application of part of the proceeds derived by it from the sale of the securities hereby offered. The Company acquired absolute title to all the issued shares of T. H. Peacock Limited and to 80% of the issued shares of T. H. Peacock (Southern) Limited. The remainder of the issued shares of T. H. Peacock (Southern) Limited were then owned by T. H. Peacock Limited. Subsequent to such acquisition T. H. Peacock Limited and T. H. Peacock (Southern) Limited were merged and the Company has absolute title to all the issued and outstanding shares of the resultant company, T. H. Peacock Distributors Ltd. The address of Frederick Halliday Peacock is 934 Riverdale Avenue, Calgary, Alberta.

Pursuant to an agreement dated the 19th day of January, 1961, made between the Company and Thomas Frederick Thornes, the Company purchased and Thomas Frederick Thornes sold all the outstanding shares of United Industrial-Automotive Co. (Lakehead) Limited for an aggregate consideration of \$133,300, which consideration was satisfied as to \$13,300 by the issue of promissory notes by the Company in the principal amount of \$13,300. The Company proposes to retire the balance of \$3,300 owing on the said promissory notes by the application of part of the proceeds derived by it from the sale of the securities hereby offered. The Company acquired absolute title to the said shares of United Industrial-Automotive Co. (Lakehead) Limited. The address of Thomas Frederick Thornes is 655 North Riverside Avenue, Rialto, California, U.S.A.

Pursuant to an agreement dated the 31st day of January, 1962, made between the Company and McLennan, McFeely & Prior Limited, the Company purchased as of January 1, 1962 and McLennan, McFeely & Prior Limited sold the inventory, accounts receivable and goodwill of the Edmonton Branch

of McLennan, McFeely & Prior Limited for a consideration of \$534,265, such consideration being applied as follows:

Accounts receivable (less allowance of \$1,000 for doubtful accounts).....	\$179,670
Inventory of merchandise on hand valued at the lower of cost or market.....	354,594
Goodwill representing the right to carry on the business previously conducted by the Edmonton Branch of McLennan, McFeely & Prior Limited.....	1
	<u>\$534,265</u>

The Company proposes to pay the above mentioned consideration in cash out of the proceeds to the Company of the issue and sale of the 6¾% Debentures referred to in paragraph 9 (b) hereof. The Company acquired absolute title to the said assets of McLennan, McFeely & Prior Limited. The address of the head office of McLennan, McFeely & Prior Limited is 99 East Cordova Street, Vancouver, B.C.

Other than the foregoing, no property has been purchased or acquired by the Company, or is proposed to be purchased or acquired, the purchase price of which is to be defrayed in whole or in part out of the proceeds to the Company of the sale of the securities hereby offered or has been paid within the last two preceding years or is to be paid in whole or in part in securities of the Company, or the purchase or acquisition of which has not been completed at the date of this prospectus.

23. No securities have been issued or agreed to be issued by the Company within the two years preceding the date of this prospectus as fully or partly paid up otherwise than in cash except the promissory notes referred to in paragraphs 21 and 22 hereof.

24. No obligations are offered by this prospectus.

25. No services have been rendered or are to be rendered to the Company which are to be paid for wholly or partly out of the proceeds of the issue by the Company of the 6% Cumulative Redeemable Preference Shares and the Common Shares offered hereby other than legal, auditing and other services in connection with the securities offered hereby and other services to be rendered in the ordinary course of business. No services have been rendered within the last two preceding years or are to be rendered to the Company which have been or are to be paid for by securities of the Company. Reference, however, is made to paragraph 16 hereof.

26. No amount has been paid within the two years preceding the date hereof or is intended to be paid to any promoter of the Company.

27. The dates of and parties to and the general nature of every material contract entered into within the two years preceding the date hereof (other than contracts entered into in the ordinary course of business) are as follows:

(i) the underwriting agreement dated March 21, 1962, made between the Company and Fry & Company Limited referred to in paragraph 16 hereof relating to the issue and sale of the 40,000 6% Cumulative Redeemable Preference Shares and the 60,000 Common Shares;

(ii) the Loan Agreement dated June 30, 1960, made between the Company and The Prudential Insurance Company of America referred to in sub-paragraph (a) of paragraph 9 hereof relating to the borrowing of \$825,000 by the Company and the securing thereof;

(iii) the agreement dated September 28, 1960, made between the Company and Frederick H. Peacock referred to in paragraphs 21 and 22 hereof relating to the purchase by the Company of shares of T. H. Peacock Limited and T. H. Peacock (Southern) Limited;

(iv) a letter of intent dated March 2, 1962, to the Company from The Prudential Insurance Company of America referred to in sub-paragraph (b) of paragraph 9 relating to the borrowing of \$1,350,000 by the Company and the securing thereof;

(v) the agreement dated January 19, 1961, made between the Company and Thomas Frederick Thornes referred to in paragraphs 21 and 22 hereof relating to the purchase by the Company of shares of United Industrial-Automotive Co. (Lakehead) Limited and providing for, inter alia, the satisfaction of \$100,000 of the consideration thereunder by the Company constructing on certain lands owned by it at Brandon, Manitoba, an office and warehouse building, the transfer of such lands and buildings to the said Thomas Frederick Thornes and the entering into of a lease by the Company of such lands and buildings for a period of twenty (20) years;

(vi) an agreement dated November 30, 1960, made between the Company and E. L. Sauder Lumber Company Limited relating to the sale by the Company of its lumber division;

(vii) agreement concluded September 16, 1960, between the Company and Lyle L. Cantlon, Leonard G. Walker, George Forzley and Warren Leonhart relating to the purchase by the Company of shares of and shareholders' advances to Westward Investments Ltd.;

(viii) agreement dated January 31, 1962, made between the Company and McLennan, McFeely & Prior Limited referred to in paragraphs 21 and 22 hereof relating to the purchase by the Company of the inventory, accounts receivable and goodwill of the Edmonton Branch of McLennan, McFeely & Prior Limited and providing for the leasing by the Company of certain lands, buildings and equipment in the City of Edmonton, Alberta, on a month to month basis with an option to the Company to purchase the whole or any portion of such lands, buildings and equipment at prices provided for in the agreement;

(ix) agreement dated January 12, 1960, made between Leonard Wolinsky on behalf of the Company and Western Cities Properties Ltd. relating to the purchase by the Company of the lands and premises situate at 125 Higgins Avenue, Winnipeg, Manitoba, for the new head office of the Company for \$165,000, satisfied as to approximately \$65,000 by cash and as to approximately \$100,000 by assumption of an existing first mortgage;

(x) agreement dated May 25, 1960, made between the Company and Alberta Government Telephone Commission relating to the purchase by the Company of lands situate at Edmonton, Alberta for \$20,300 cash;

(xi) agreement dated October 13, 1961, made between Nathan Starr on behalf of the Company and Western Supplies Limited relating to the purchase and exchange by the Company of lands situate at Edmonton, Alberta for \$10,000 cash;

(xii) agreement dated October 13, 1961, made between Nathan Starr on behalf of the Company and Railway & Power Engineering Co. Ltd. relating to the purchase by the Company of lands and buildings situate at Edmonton, Alberta for \$57,000 cash;

(xiii) agreement dated December 9, 1961, made between the Company and General Alexander Ross Branch of the Canadian Legion of the British Empire Service League relating to the purchase by the Company of lands and buildings situate at Yorkton, Saskatchewan for \$8,500 cash;

(xiv) agreement dated September 1, 1961, made between the Company and the City of Yorkton relating to the purchase by the Company of lands situate at Yorkton, Saskatchewan for \$8,446 cash;

(xv) agreement dated February 14, 1961, between the Company and B. & T. Holdings Limited relating to the sale by the Company of lands and buildings situate at Saskatoon, Saskatchewan;

(xvi) an agreement dated April 3, 1961, between David Sokolov on behalf of the Company and the City of Calgary, an agreement dated October 10, 1961, between the Company and Burns & Dutton Concrete & Construction Co. Ltd. and a lease dated March 21, 1962, between Bellish Properties Limited and the Company, whereby office and warehouse premises at Calgary, Alberta were built for occupation by the Company, the Company leased said premises, subject to a right to purchase the same up to and including September 30, 1962, for 20 years at an annual rental of \$27,200 and the Company will be released from the obligation to pay other rentals;

(xvii) an agreement dated May 11, 1961, between Hyman Bessin on behalf of the Company and the Oliver Corporation, an agreement dated July 28, 1961, between the Company and Canadian National Railways, an agreement dated September 21, 1961, between the Company and Piggott Construction Ltd., a lease dated March 1962, between Bellish Properties Limited and the Company, whereby office and warehouse premises at Saskatoon, Saskatchewan, were built for occupation by the Company, the Company leased said premises, subject to a right to purchase the same up to and including September 30, 1962, for 20 years at an annual rental of \$8,500 and the Company will be released from the obligation to pay other rentals;

(xviii) an agreement dated July 28, 1961, between the Company and Freiheit Construction Ltd. relating to the construction of an addition to the warehouse premises for the Company at Dauphin, Manitoba;

(xix) an agreement dated October 31, 1961, between the Company and Dupuis Construction Ltd. relating to the construction of a steel warehouse for the Company at Winnipeg, Manitoba;

(xx) an agreement dated November 30, 1961, between the Company and Bellish Properties Limited relating to the surrender by the Company of its lease at 65 Higgins Avenue, Winnipeg, Manitoba and prepaid rentals thereunder of \$31,500, provided that Bellish Properties Limited refrain from renting these premises to any competitor of the Company for 5 years.

Copies of the foregoing contracts (other than the contract referred to in sub-paragraph (vii) hereof with respect to which there was no written contract) may be inspected at the offices of Messrs. Sokolov, Wolinsky & Sokolov, 301 Lindsay Building, Winnipeg, Manitoba, during ordinary business hours, during the period of primary distribution to the public of the securities offered hereby.

28. None of the directors has any beneficial interest in any property acquired or proposed to be acquired by the Company during the two years preceding the date of this prospectus except as hereinafter referred to:

- (i) Frederick Halliday Peacock, who subsequently, in March 1961, became a director of the Company, is the vendor of the shares sold to the Company under the agreement referred to in sub-paragraph (iii) of paragraph **27** hereof;
- (ii) Leonard Wolinsky, Hyman Bessin and Nathan Starr are directors and Leonard Wolinsky, Hyman Bessin, Nathan Starr, Max Wolinsky, Joseph Wolinsky and Nathan Schecter are substantial shareholders of McLennan, McFeely & Prior Limited, the vendor of the stock in trade, accounts receivable and goodwill sold to the company under the agreement referred to in sub-paragraph (viii) of paragraph **27** hereof;
- (iii) Leonard Wolinsky, Hyman Bessin, Nathan Starr, Max Wolinsky and Joseph Wolinsky are directors and Leonard Wolinsky, Hyman Bessin, Max Wolinsky and Joseph Wolinsky are substantial shareholders of Bellish Properties Limited, the lessor under the leases referred to in sub-paragraphs (xvi), (xvii) and (xx) of paragraph **27** hereof;

Mr. Donald J. Wilkins is a director of Fry & Company Limited, the underwriter of the securities of the Company offered hereby as referred to in paragraph **16** hereof. Mr. Max Wolinsky is a member of the legal firm of Sokolov, Wolinsky & Sokolov which firm has and will receive legal fees paid by the Company.

29. The Company has been carrying on business for more than three years.

30. Under the terms of a voting trust agreement dated October 30, 1959, and made between Leonard Wolinsky, 537 Briar Hill Avenue, Toronto, Ontario, and Hyman Bessin, 438 Daly Avenue, Ottawa, Ontario, such persons are, so long as such agreement remains effective, in a position to cause Lanark Investments Ltd. to vote 202,300 Common Shares without par value of the Company owned by it of the 402,300 Common Shares without par value which will be outstanding after the sale of the shares offered by this prospectus and such persons are, therefore, in a position to elect or cause to be elected a majority of the directors of the Company.

31. No securities of the Company of the same class as those offered by this prospectus are held in escrow.

32. The following are particulars of the dividends paid by the Company upon its shares during the five years preceding the date of this prospectus.

Year	*Preference Shares	Paid per share		Aggregate Dividends
		Common Shares		
1957	—	\$40.00		\$120,920.00
1958	\$5.50	5.50		20,504.00
1959	2.75	10.75		34,436.00
1960	7.00	8.00		29,119.00
1961	—	25.00		75,575.00

*Redeemed on August 16, 1960

33. There are no other material facts not disclosed in the foregoing.

The foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Section 13 of the Security Frauds Prevention Act (New Brunswick), by Part IX of The Securities Act, 1955 (Alberta), and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DATED this 30th day of March, 1962.

Directors

(Signed) D. J. WILKINS	(Signed) J. WOLINSKY	(Signed) MAX WOLINSKY
(Signed) LEONARD WOLINSKY by his agent	(Signed) HYMAN BESSIN by his agent	(Signed) FREDERICK HALLIDAY PEACOCK by his agent
NATHAN STARR	NATHAN STARR	NATHAN STARR
(Signed) PAUL MARTIN by his agent	(Signed) NATHAN STARR	(Signed) NATHAN SCHECTER by his agent
NATHAN STARR		NATHAN STARR

Underwriters

To the best of our knowledge, information and belief, the foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Section 13 of The Security Frauds Prevention Act (New Brunswick), by Part IX of The Securities Act, 1955 (Alberta), and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

FRY & COMPANY LIMITED

by: (Signed) A. W. HOWE

The following are the names of every person having an interest either directly or indirectly to the extent of not less than five per cent in the capital of Fry & Company Limited: Donald Waple Clarke, Charles Warren Goldring, Arthur Wilfred Howe, William Allan Manford, William Gray Reid and Donald Jaffray Wilkins.

8.

SUBSIDIARY COMPANIES

The subsidiaries or controlled companies of the Company with particulars thereof are as follows:

1. T.H. Peacock Distributors Ltd. is a company resulting from agreement of amalgamation dated the 1st day of December, 1960, between T.H. Peacock Limited and T.H. Peacock (Southern) Limited pursuant to the laws of the Province of Alberta. The nature of the business of T. H. Peacock Distributors Ltd. is the same as that of the Company and is carried on in the Province of Alberta and in the Eastern part of the Province of British Columbia. The authorized capital of the Company consists of 40,000 shares of a nominal or par value of \$1 each, of which 180 shares are issued and are outstanding as fully paid and non-assessable shares. All the said issued shares of T. H. Peacock Distributors Ltd. other than Directors' qualifying shares are owned by the Company.

2. United Industrial-Automotive Co. (Lakehead) Limited is a company incorporated by Letters Patent dated the 14th day of May, 1951, pursuant to the laws of the Province of Ontario. The nature of the business of United Industrial-Automotive Co. (Lakehead) Limited is the same as that of the Company and is carried on in the North-Western part of the Province of Ontario. The authorized capital of the Company consists of 1,906 non-cumulative redeemable preference shares with a par value of \$100 each, none of which are issued and 25,000 common shares without par value, of which 1,106 common shares are issued and are outstanding as fully paid and non-assessable shares. All the said issued shares of United Industrial-Automotive Co. (Lakehead) Limited other than Directors' qualifying shares are owned by the Company.

3. Westward Investments Ltd. is a company incorporated by Letters Patent dated the 23rd day of January, 1958, pursuant to the laws of the Province of Manitoba. The nature of the business of Westward Investments Ltd. is that of purchasing, selling and financing the accounts receivable of the Company and its other subsidiaries. The authorized capital of the Company consists of 20,000 common shares with a par value of \$1 each, of which 2,000 common shares are issued and are outstanding as fully paid and non-assessable shares. All the said issued shares of Westward Investments Ltd. other than Directors' qualifying shares are owned by the Company.

9.

FUNDED DEBT

\$1,350,000 principal amount 6-3/4% Secured Debenture payable \$45,000 semi-annually for the term of 15 years, commencing October 15, 1962, final payment due April 15, 1977, interest at the said rate payable semi-annually on the 15th days of April and October in each year until the principal of the said Debenture shall have been duly paid.

10.

LISTING ON OTHER STOCK EXCHANGES

None of the securities of the Company are listed on any other Stock Exchange but the Preference Shares and the Common Shares have been approved for listing on The Winnipeg Stock Exchange, subject to the filing of documents and evidence of satisfactory distribution.

11.

STATUS UNDER SECURITIES ACTS

The Preference Shares and 160,000 of the Common Shares offered in the attached prospectus dated the 30th day of March, 1962, have been qualified for sale to the public through registered brokers in all of the Provinces of Canada other than Newfoundland.

12.

FISCAL YEAR

The fiscal year of the Company ends on November 30 in each year.

13.

ANNUAL MEETING

Under the by-laws of the Company, the Annual Meeting of the Shareholders shall be held at the Head Office of the Company on such day in each year as the Board of Directors may by resolution determine.

The last Annual Meeting of Shareholders was held on the 21st day of March, 1962.

14.

HEAD OFFICE

The Head Office of the Company is located at 125 Higgins Avenue, Winnipeg, Manitoba.

15.

TRANSFER AGENT AND REGISTRAR

The Canada Trust Company, at its principal offices in Toronto, Ontario, in Winnipeg, Manitoba, and in Montreal, Quebec, is the Transfer Agent and Registrar of all the shares in the capital stock of the Company.

16.

TRANSFER FEE

No fee is charged upon transfers of the Preference Shares or the Common Shares other than customary Government stock transfer taxes.

17.

AUDITORS

Messrs. Sharp, Woodley, Scott & McLaughlin, Chartered Accountants, 602-504 Main Street, Winnipeg, Manitoba, are the Auditors of the Company.

18.

OFFICERS

NAME	OFFICE	ADDRESS
Leonard Wolinsky	President	537 Briar Hill Avenue, Toronto, Ontario.
Hyman Bessin	Chairman of the Board and Vice-President	438 Daly Avenue, Ottawa, Ontario.
Max Wolinsky	Secretary	294 Kingsway Avenue, Winnipeg, Manitoba.
Nathan Starr	Treasurer	150 Betty Ann Drive, Willowdale, Ontario.
Frederick Halliday Peacock	General Manager	934 Riverdale Avenue, Calgary, Alberta.

19.

DIRECTORS

NAME	OCCUPATION	ADDRESS
Leonard Wolinsky	Executive	537 Briar Hill Avenue, Toronto, Ontario.
Hyman Bessin	Executive	438 Daly Avenue, Ottawa, Ontario.
Max Wolinsky	Barrister and Solicitor	294 Kingsway Avenue, Winnipeg, Manitoba.
Nathan Starr	Chartered Accountant	150 Betty Ann Drive, Willowdale, Ontario.
Frederick Halliday Peacock	Executive	934 Riverdale Avenue, Calgary, Alberta.
Hon. Paul Martin, P.C., M.P.	Queen's Counsel	2021 Ontario Avenue, Windsor, Ontario.
Nathan Schecter	Physician	434 Daly Avenue, Ottawa, Ontario.
Donald Jaffray Wilkins	Investment Dealer	64 Garfield Avenue, Toronto, Ontario.
Joseph Wolinsky	Executive	126 Machray Avenue, Winnipeg, Manitoba.

CERTIFICATE OF OFFICERS

Pursuant to a resolution duly passed by its Board of Directors the applicant company hereby applies for listing of the above mentioned securities on the Toronto Stock Exchange and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



ACKLANDS LIMITED

"L. WOLINSKY" President

"MAX WOLINSKY" Secretary

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

FRY & COMPANY LIMITED

per: "D. J. WILKINS" President

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

Distribution of 6% Cumulative Redeemable Preference stock as of May 11th 1962

NUMBER	SHARES
495 Holders of 1 — 100 share lots	16,916
26 " " 101 — 200 " "	4,585
7 " " 201 — 300 " "	1,960
4 " " 301 — 400 " "	1,550
— " " 401 — 500 " "	—
2 " " 501 — 1000 " "	1,580
4 " " 1001 — up " "	13,409
538 Stockholders	Total shares 40,000

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

Distribution of Common stock as of May 28th 1962

NUMBER	SHARES
429 Holders of 1 — 100 share lots	30,662
130 " " 101 — 200 " "	22,380
21 " " 201 — 300 " "	5,710
65 " " 301 — 400 " "	25,685
11 " " 401 — 500 " "	5,480
26 " " 501 — 1000 " "	19,147
24 " " 1001 — up " "	293,236
706 Stockholders	Total shares 402,300